



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 18-37]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: DSCA at dsca.ncr.lmo.mbx.info@mail.mil or (703) 697-9709.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 18-37 with attached Policy Justification and Sensitivity of Technology.

Dated: November 2, 2018.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

SEP 19 2018

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 18-37, concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of the United Kingdom for defense articles and services estimated to cost \$75 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "C. W. Hooper", is written over the typed name and title.

Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 18-37

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: The Government of the United Kingdom

(ii) Total Estimated Value:

Major Defense Equipment*	\$57 million
Other	<u>\$18 million</u>
TOTAL	\$75 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Fifty (50) MK 15 Phalanx Close-In Weapon System (CIWS) Block IB Baseline 2
Upgrade Kits

Non-MDE:

Also included are support equipment, test equipment, initial spare parts, technical documentation, training, and engineering technical assistance, and other related elements of logistics and program support.

(iv) Military Department: Navy (UK-P-LWD)

(v) Prior Related Cases, if any: UK-P-BRB, UK-P-FBH, UK-P-FBR, UK-P-GAH, UK-P-JZO, UK-P-KAX, UK-P-KPM, UK-P-KPQ, UK-P-LFK, UK-P-LGP, UK-P-LHD, and UK-P-LHO

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: **September 19, 2018**

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

United Kingdom –Phalanx Baseline 2 Radar Upgrade Kits

The Government of the United Kingdom (UK) has requested to buy fifty (50) MK 15 Phalanx Close-in Weapon System (CIWS) Block IB Baseline 2 Upgrade Kits. Also included are support equipment, test equipment, initial spare parts, technical documentation, training, and engineering technical assistance, and other related elements of logistics and program support. The total estimated program cost is \$75 million.

This proposed sale will support U.S. foreign policy and national security objectives of the United States by improving the security of a NATO ally which has been, and continues to be, an important partner on critical foreign policy and defense issues.

The proposed sale of the Phalanx Baseline 2 Radar Upgrade Kits will be used for close-in ship self-defense against air and surface threats onboard the UK's naval combatants and auxiliaries. The UK, which already has earlier versions of the MK 15 Phalanx in its inventory, will have no difficulty absorbing these upgrades and support into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractor will be Raytheon Missile Systems, Tucson, AZ. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require multiple trips by U.S. Government and contractor representatives to participate in program and technical reviews, plus training and maintenance support in country as required.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 18-37

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The MK15 Phalanx Close-in Weapon System (CIWS) consists of a rapid-fire, computer-controlled radar and gun system mounted on a turret designed to defeat anti-ship missiles; small surface craft; low, slow aircraft; rockets; and mortars. The weapon system automatically carries out search, detection, target threat evaluation, tracking, firing, and kill loop fire control that uses advanced radar and computer technology to locate, identify, and direct a system of armor piercing projectiles to the target. The Phalanx Block IB Baseline 2 Radar Upgrade Kits converts the system's radar from an analog to digital suite, significantly improving obsolescence of hardware. Some performance in range, speed, maneuverability, and organic sensor capabilities will be enhanced over the existing UK Phalanx system. These kits will allow for the UK to upgrade its current Block IB Baseline 1 systems via approved in-country Depot-Level Maintenance Facility (DLMF) capability. The highest classification of the hardware in the proposed sale is SECRET. The highest classification of the technical documentation in the proposed sale is SECRET. The highest classification of the operational software to be exported is SECRET.

2. If a technologically advanced adversary obtains knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that the Government of the United Kingdom can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This proposed sale is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

4. All defense articles and services listed in this transmittal are authorized for release and export to the Government of the United Kingdom.

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